

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2269 - SB 3481

March 2, 2012

SUMMARY OF BILL: Defines “student athlete” as a student at a public or private institution of higher education who receives an athletic scholarship from the institution as a result of the student’s athletic prowess and who competes in intercollegiate athletics. A “student athlete” also includes a student whom the institution is recruiting to play in intercollegiate athletics and to whom the institution intends to grant an athletic scholarship.

Specifies that a higher education institution has a civil cause of action against a coach or booster whose conduct results in injury to the institution because of penalties, sanctions, disqualifications, or suspensions imposed on the institution, its athletic programs, or its student athletes by a national association, an athletic conference, or self-imposed disciplinary action taken to mitigate sanctions likely to be imposed by such bodies. Authorizes the educational institution that wins a suit brought under this part to recover actual damages, punitive damages, court costs, reasonable attorney fees, and treble damages for conduct that results in ineligibility of a student athlete to compete. Specifies that treble damages shall be in an amount equal to three times the value of the athletic scholarship given to the athlete during their period of eligibility or three times the value of the athletic scholarship that would have been furnished by the institution to a student athlete it was recruiting. Requires such a civil suit to be filed within three years of the date damages resulting from the actions of a coach or booster were discovered or reasonably should have been discovered, whichever is sooner.

States that a student athlete has a civil cause of action against a coach, agent of the institution, another student athlete, booster, or athlete agent whose conduct resulted in injury to the student athlete because of penalties, sanctions, disqualifications, or suspensions imposed on the institution, its athletic programs, or its athletes by a national association, an athletic conference, or self-imposed disciplinary action taken to mitigate sanctions that are likely to be imposed by such bodies resulting in a limitation on the student athlete’s ability to participate. This includes the institution’s loss of scholarship, the inability to participate in bowl games or tournaments, or appearances in televised athletic events. Authorizes the student athlete who prevails in a suit brought under this part to recover actual damages, punitive damages, court costs, reasonable attorney fees, and treble damages for any conduct of a coach, agent of the institution, another student athlete, booster or athletic agent that results in inability of the student athlete to compete in the student’s sport at the institution due to failure to receive an athletic scholarship. Calculates the treble damages in an amount equal to three times the value of the athletic scholarship that would have been furnished by the institution to the student during the student athlete’s period of eligibility. Requires such a civil suit to be brought by the student athlete within three years of the date that damages are discovered or reasonably should have been discovered, whichever is sooner.

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ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$300,000/Per Liability Payout

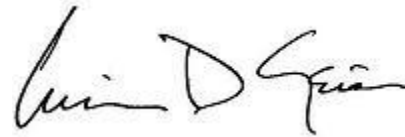
Other Fiscal Impact – If state higher education institutions were to file suit in civil court and win, the institution will have an increase in revenue. Any increase in revenue to the institution is not quantifiable and will be dependent on the number of cases filed, the number of cases won, and judgment award; however, it is estimated that each judgment may exceed \$100,000.

Assumptions:

- According to TBR and UT, institutions may be held liable for the actions of a coach, another student athlete, booster, or agent of the institution if one of these individuals was sued.
- There is no reasonable way to estimate how many times a student athlete will sue or how many times a student athlete will win his or her case in court.
- It is likely that only one case will be heard every 10 years since UT and TBR estimate that penalties, sanctions, disqualifications, or suspensions are imposed on the institutions by the NCAA or other athletic associations once every 10 years.
- TBR and UT estimate that for each case a student athlete wins, the liability payout in such cases will be \$300,000 per case.
- Based on TBR and UT's estimate for each liability case payment that the state loses, it is estimated that a judgment paid to an institution that files a civil lawsuit may exceed \$100,000. Any increase in revenue to the institution will be dependent upon the number of cases filed, the number of cases won, and the judgments that are awarded.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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